

FISCAL NOTE

HB 2732 - SB 2984

March 7, 2000

SUMMARY OF BILL: Provides that the amount of a settlement approved by a court or the Department of Labor and Workforce Development that exceeds the treating physician's impairment rating shall be conserved for future loss of earnings capacity for the injured employee. An award may be commuted to a lump sum or it may allow an employee to use the portion of the settlement that exceeds the impairment rating for current extraordinary expenses.

Provides the court or the Department of Labor and Workforce Development may approve either the following methods to conserve the settlement:

- A trust account set up by the employee; or
- The insurance company or the self-insured employer may hold the funds for the employee and interest will accrue on such funds at the rate of 4% per year.
- An attorney's fee may be paid as partial lump sum out of the amount of the settlement that exceeds the impairment rating.
- The employee may request the department to approve a full or partial payment of the funds set aside if either the employment of the employee ceases or the employee suffers a substantial loss of earnings.
- In no case may the trust arrangement or the holding period exceed 10 years. An employee may request the department to approve a payout of 10% of the original amount held each year on the anniversary date of the settlement.

Provides that all commutations of awards are subject to the best interest of the employee and the court's order shall specifically state the reasons for such findings, and consider the ability of the employee to wisely manage and control the commuted award irrespective of whether special needs exist.

ESTIMATED FISCAL IMPACT:

MINIMAL

Bill does not impact the state's claim program that is self-insured pursuant to TCA 9-8-307.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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